- Elect a different treatment for 2010 Roth IRA conversion for federal and state.

Roth adjustments are made on Schedule CA (540), line 15, Columns B or C. Pension adjustments are made on Schedule CA (540), line 16, Columns B or C, as appropriate. For more information, see the instructions for Form 540 and Schedule CA (540), and FTB Pub.1005, *Pension and Annuity Guidelines* .

Standard and Itemized Deductions

Your client decides whether to itemize their deductions or to take the state standard deduction. Use the method that gives your client the larger deduction. Your client may itemize for state, federal, or both.

Clients over age 65, who take the federal standard deduction, may receive a greater state deduction if they itemize.

If your clients are married/RDP and filing separate tax returns, the client and their spouse/RDP must either both itemize their deductions or both take the standard deduction.

The Standard Deduction

If your client takes the standard deduction on their federal tax return, in many cases the state standard deduction will be greater than the allowable itemized deductions.

Any dependent, filing their individual tax return, must use the "California Standard Deduction Worksheet for Dependents" in this chapter.

Line 6 – If your client completed the circle on line 6, indicating possible dependent status on someone else's tax return, complete the "California Standard Worksheet for Dependents" below.

1.	Earned income. For purposes of the standard deduction earned income includes only wages.	$400
2.	Enter $300.	$300
3.	Add line 1 and line 2.	$700
4.	Minimum standard deduction ($950 for tax year 2011).	$950
5.	Enter the larger of line 3 or line 4.	$950
6.	California standard deduction for the filing status.	$3,769
7.	Allowable standard deduction. Enter the smaller of line 5 or line 6.	$950

Itemized Deductions

Your clients may itemize for the federal, the state, or both.

If your client claims itemized deductions on their state tax return, adjust the amount from their federal Schedule A. If your client files Form 540, complete and attach Schedule CA (540) Part II – Adjustments to Federal Itemized Deductions. Complete state itemized deductions using the "California Itemized Deductions Worksheet" below.

If your client or their spouse/RDP claims additional standard deduction amounts on their federal tax return because your client or their spouse/RDP is age 65 or older, then your client may benefit from itemizing on their state tax return even if they took the federal standard deduction.

Important Note: You cannot deduct Mello-Roos taxes assessed to fund local benefits and improvements. Mello-Roos may appear on the property tax bill.

To itemize for just the state, complete Form 1040, Schedule A following federal rules, then complete the "California Itemized Deductions Worksheet" or Schedule CA (540), Part II – Adjustments to Federal Itemized Deductions. Do not attach the federal Schedule A to your client's tax return.

California Itemized Deduction Worksheet	
1. Enter the amount of itemized deductions from federal Schedule A, line 28, Itemized Deductions.	1.
2. Enter the amount from federal Schedule A, line 5, line 7, **and** only the portion relating to foreign income taxes from line 8. Be sure to include any amount deducted for State Disability Insurance (SDI), California Lottery losses claimed as a federal itemized deduction, and any Primary Mortgage Insurance premiums claimed on the federal Schedule A.	2.
3. Subtract line 2 from line 1. This amount is your clients' total **itemized deductions for California.**	3.
4. Enter the **Standard Deduction** for your clients' filing status.	4.
5. Compare the amounts on line 3 and line 4 above. Enter the larger of the two amounts here and on Form 540, line 18.	5.
If your client can be claimed as a dependent on someone else's tax return, complete the "Standard Deduction Worksheet for Dependents." Enter the amount from line 7 of that worksheet on line 4 of this worksheet.	